

YOUTH ALTERNATIVES INGRAHAM

FINANCIAL STATEMENTS

and

**FEDERAL REPORTS IN ACCORDANCE
WITH OMB CIRCULAR A-133**

With Independent Auditors' Report

June 30, 2009

YOUTH ALTERNATIVES INGRAHAM

June 30, 2009

TABLE OF CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Activities	3
Consolidated Statement of Cash Flows	4
Consolidated Statement of Functional Expenses	5
Notes to Consolidated Financial Statements	6 - 21
Supplementary Information	22 - 30
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31 - 32
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	33 - 34
Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36



CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Youth Alternatives Ingraham and Affiliates

We have audited the accompanying consolidated statement of financial position of Youth Alternatives Ingraham and Affiliates as of June 30, 2009, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Youth Alternatives Ingraham and Affiliates as of June 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

As disclosed in Note 14, beginning net assets have been restated to correct an error in the establishment of an allowance against uncollectible accounts receivable and to correct an error in third party settlements as of June 30, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2009, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying consolidating information is presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net assets of the individual organizations. The accompanying supplementary financial information contained in the supplemental schedule of expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Berry, Dunn, McNeil & Parker". The signature is written in a cursive, flowing style.

September 22, 2009

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidated Statement of Financial Position

June 30, 2009 and 2008

ASSETS

	<u>2009</u>	As Restated <u>2008</u>
Current assets		
Cash and cash equivalents	\$ 380,652	\$ 134,655
Accounts receivable	2,434,070	2,759,447
Current portion of contributions receivable	85,666	162,037
Grants receivable	272,904	846,880
Other current assets	<u>110,752</u>	<u>77,266</u>
Total current assets	<u>3,284,044</u>	<u>3,980,285</u>
Property and equipment		
Land	1,134,594	1,143,989
Building and building improvements	14,974,452	14,926,808
Equipment	549,570	651,151
Furniture and fixtures	425,149	378,078
Vehicles	314,058	314,058
Construction in progress	<u>17,514</u>	<u>-</u>
	17,415,337	17,414,084
Less accumulated depreciation	<u>3,738,523</u>	<u>3,184,943</u>
Net property and equipment	<u>13,676,814</u>	<u>14,229,141</u>
Other assets		
Contributions receivable, net of current portion	54,974	102,761
Restricted cash, MSHA	434,067	351,227
Restricted cash, MHHEFA	313,250	327,274
Restricted cash, donor	182,718	200,243
Restricted cash, other	11,057	61,274
Investments	146,353	188,274
Self-funded health insurance trust	-	183,395
Notes receivable	842,605	804,184
Deferred financing costs	<u>161,723</u>	<u>157,616</u>
Total other assets	<u>2,146,747</u>	<u>2,376,248</u>
Total assets	<u>\$ 19,107,605</u>	<u>\$ 20,585,674</u>

The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND NET ASSETS

	<u>2009</u>	As Restated <u>2008</u>
Current liabilities		
Current portion of long-term debt	\$ 316,958	\$ 294,738
Current portion of capital lease payable	34,761	53,221
Accounts payable	310,399	375,737
Line of credit	-	290,000
Third party settlements	646,099	891,090
Due to State of Maine	525,770	735,772
Deferred revenue	73,349	43,078
Accrued expenses	1,214,626	1,426,702
Other liabilities	<u>17,351</u>	<u>60,455</u>
Total current liabilities	<u>3,139,313</u>	<u>4,170,793</u>
Long-term liabilities		
Long-term debt, net of current portion and premium on bonds	11,529,934	11,858,047
Capital lease payable, net of current portion	67,619	102,379
Deferred revenue, net of current portion	<u>127,888</u>	<u>107,476</u>
Total long-term liabilities	<u>11,725,441</u>	<u>12,067,902</u>
Total liabilities	<u>14,864,754</u>	<u>16,238,695</u>
Commitments and contingencies (Notes 8, 9, 11 and 15)		
Net assets		
Unrestricted	3,867,036	3,841,134
Temporarily restricted	<u>375,815</u>	<u>505,845</u>
Total net assets	<u>4,242,851</u>	<u>4,346,979</u>
Total liabilities and net assets	<u>\$ 19,107,605</u>	<u>\$ 20,585,674</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidated Statement of Activities

Year Ended June 30, 2009 and 2008

	<u>2009</u>	As Restated <u>2008</u>
Unrestricted net assets		
Unrestricted revenues and other support		
MaineCare	\$ 11,690,837	\$ 12,042,898
Grants from government agencies	4,648,924	5,465,082
Grants from United Way	1,138,419	978,064
DHHS room and board	773,207	1,159,703
Contributions	58,712	126,696
In-kind donations	133,966	127,679
Special event - gross	68,391	105,144
Special event - expenses	(33,670)	(30,823)
Loss on disposal of property and equipment	(10,924)	(3,964)
Miscellaneous	349,426	273,605
Interest	65,058	55,147
Lease revenue	<u>318,555</u>	<u>479,959</u>
Total unrestricted revenue and other support before net assets released from restrictions	19,200,901	20,779,190
Net assets released from restrictions		
Satisfaction of time and purpose restrictions	<u>733,464</u>	<u>1,020,497</u>
Total unrestricted revenue and other support	<u>19,934,365</u>	<u>21,799,687</u>
Expenses		
Program services	15,966,809	17,262,742
Supporting services		
Administrative	3,579,880	3,894,669
Fundraising	<u>361,774</u>	<u>464,154</u>
Total expenses	<u>19,908,463</u>	<u>21,621,565</u>
Change in unrestricted net assets	<u>25,902</u>	<u>178,122</u>
Temporarily restricted net assets		
Contributions	218,537	512,730
United Way	384,897	402,028
Net assets released from restrictions	<u>(733,464)</u>	<u>(1,020,497)</u>
Change in temporarily restricted net assets	<u>(130,030)</u>	<u>(105,739)</u>
Change in net assets	(104,128)	72,383
Net assets at beginning of year, as restated	<u>4,346,979</u>	<u>4,274,596</u>
Net assets at end of year	<u>\$ 4,242,851</u>	<u>\$ 4,346,979</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidated Statement of Cash Flows

Year Ended June 30, 2009 and 2008

	<u>2009</u>	As Restated <u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ (104,128)	\$ 72,383
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	626,867	626,017
Amortization of premium on bond issuance	(7,120)	(7,120)
Amortization of cost of issuance	2,487	2,487
Loss on disposal of property and equipment	10,924	3,964
Realized and unrealized loss on investments	41,921	8,067
Accrued interest on notes receivable	(38,421)	(38,527)
Bad debt expense	191,337	136,692
		(2,392)
Restricted contributions	(603,434)	-
Decrease in		
Accounts receivable	196,503	(1,276,171)
Grants receivable	573,976	-
Contributions receivable	23,298	93,756
Other current assets	155,148	3,219
Increase in		
Accounts payable	(47,814)	(343,736)
Third party settlements	(248,751)	839,633
Due to State of Maine	(233,399)	(547,368)
Deferred revenue	(17,260)	(263,031)
Accrued expenses	(203,276)	181,224
Other liabilities	(43,104)	(32,790)
Net cash provided by operating activities	<u>275,754</u>	<u>(543,693)</u>
Cash flows from investing activities		
Purchase of property and equipment	(66,805)	(53,753)
Purchase of capitalized brokerage fees	(25,253)	-
Increase in restricted cash	-	(8,009)
Net cash used by investing activities	<u>(92,058)</u>	<u>(61,762)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(298,773)	(300,500)
Payments on capital lease obligations	(53,220)	(65,048)
Receipt of contributions restricted for long-term purposes	100,860	25,900
Net repayment on line of credit	(290,000)	(135,000)
Restricted contributions	603,434	-
Net cash provided by financing activities	<u>62,301</u>	<u>(474,648)</u>
Net change in cash and cash equivalents	245,997	(1,080,103)
Cash and cash equivalents, beginning of year	<u>134,655</u>	<u>1,214,758</u>
Cash and cash equivalents, end of year	<u>\$ 380,652</u>	<u>\$ 134,655</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2009 and 2008

	2009				As Restated 2008			
	Program Services <u>Total</u>	Supporting Services			Program Services <u>Total</u>	Supporting Services		
		<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>		<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 8,579,886	\$ 2,122,679	\$ 134,305	\$ 10,836,870	\$ 9,774,902	\$ 2,069,836	\$ 181,020	\$ 12,025,758
Foster parent stipends	613,740	-	-	613,740	835,545	-	-	835,545
Respite	473,750	13,451	-	487,201	34,274	-	-	34,274
Taxes	714,637	146,024	10,419	871,080	711,015	157,676	13,169	881,860
Benefits	1,446,067	299,680	15,846	1,761,593	1,594,947	242,986	17,110	1,855,043
Consultants	427,381	100,397	988	528,766	684,792	372,145	12,037	1,068,974
Food	331,265	-	-	331,265	217,104	-	-	217,104
Supplies	214,361	47,763	15,088	277,212	156,771	65,538	16,103	238,412
Supplies - in-kind	63,456	-	50,523	113,979	24,331	144	83,216	107,691
Rent and parking	241,534	8,143	210	249,887	253,048	7,784	3,084	263,916
Rent - in-kind	19,987	-	-	19,987	19,987	-	-	19,987
Utilities	347,449	56,965	3,954	408,368	334,783	61,453	6,564	402,800
Telephone	124,513	63,901	2,002	190,416	156,080	78,092	1,759	235,931
Travel	260,648	23,003	265	283,916	250,756	6,195	204	257,155
Minor equipment	117,982	88,590	8,724	215,296	71,164	128,753	1,025	200,942
Insurance	153,929	30,945	1,165	186,039	155,705	42,331	1,229	199,265
Repairs and maintenance	92,007	19,872	485	112,364	155,410	19,536	1,962	176,908
Training	78,449	14,473	1,429	94,351	88,635	72,516	2,624	163,775
Advertising	9,678	9,764	55	19,497	14,532	9,703	-	24,235
Other	194,463	144,588	7,401	346,452	210,211	180,748	8,791	399,750
Client expenses	267,538	-	-	267,538	224,061	-	-	224,061
Interest	354,547	163,207	9,772	527,526	389,980	173,179	7,222	570,381
PNMI tax	454,070	-	-	454,070	491,490	-	-	491,490
Depreciation and amortization	385,472	226,435	10,327	622,234	413,219	206,054	6,744	626,017
Restricted fundraising	-	-	88,816	88,816	-	-	100,291	100,291
	<u>\$ 15,966,809</u>	<u>\$ 3,579,880</u>	<u>\$ 361,774</u>	<u>19,908,463</u>	<u>\$ 17,262,742</u>	<u>\$ 3,894,669</u>	<u>\$ 464,154</u>	<u>21,621,565</u>
Special events				<u>33,670</u>				<u>30,823</u>
				<u>\$ 19,942,133</u>				<u>\$ 21,652,388</u>

The accompanying notes are an integral part of these financial statements.

YOUTH ALTERNATIVES INGRAHAM AND AFFILIATES

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Nature of Activities

Youth Alternatives Ingraham (the Organization) serves children, youth, adults, and seniors; individuals, families, and communities throughout Maine. The Organization provides crisis services, counseling, psychiatric services, medication management, case management, advocacy, and parent and family education. The Organization works in both residential and community based settings and via a 24-7 crisis phone line. The Organization also provides health and human services information and referral through 2-1-1 Maine. All of the Organization's programs are aimed to maximize the potential for people to be positive, engaged members of their families, communities and society. The Organization is primarily funded by Medicaid, governmental grants, private donations, and the United Way.

Ingraham Housing Corporation, Inc. is a separate corporation established to develop and own community based housing. It began operations on July 1, 1995, and has received Community Housing Development Organization (CHODO) status with Maine State Housing Authority (MSHA). It is controlled by Youth Alternatives Ingraham through common Board membership.

In May 2005, 50 Monument Square, LLC was established as a separate limited liability company to own and manage commercial property for Youth Alternatives Ingraham's operations and space rental to other organizations. Youth Alternatives Ingraham is the sole member.

1. Summary of Significant Accounting Policies

Merger

On September 17, 2007, Youth Alternatives, Inc. and Ingraham merged to become a comprehensive nonprofit delivering a broader range of services to vulnerable children, families and adults.

Basis of Accounting

The Organization's financial statements have been prepared using the accrual method of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The financial statements have been prepared in accordance with SFAS No. 117. Under SFAS No. 117, the Organization is required to report information pertaining to its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Principles of Consolidation

On September 17, 2007, Youth Alternatives, Inc. and Ingraham merged to become Youth Alternatives Ingraham. The consolidated financial statements include the accounts of Youth Alternatives Ingraham, Ingraham Housing Corporation, Inc. and 50 Monument Square, LLC. All material intercompany balances and transactions have been eliminated in consolidation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management has determined that no allowance for doubtful accounts is necessary at June 30, 2009.

Property and Equipment

Property and equipment are stated at cost, except for donated assets which are recorded at fair value at the date of donation. Depreciation on equipment, vehicles, and furniture and fixtures is calculated on a straight-line basis using estimated useful lives of 3 to 7 years. Building and building improvements are depreciated on a straight-line basis over 15 to 40 years.

Investments

Investments are recorded at fair value. Donated securities are recorded at their fair value on the date received from the donor.

Deferred Financing Costs

Deferred financing costs are amortized on a straight-line basis over the term of the related debt.

Premium on Bond Issuance

The premium on bond issuance is amortized on a straight-line basis over 30 years.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Support and Revenue

Governmental grants are provided to support specific programs and are subject to various budgetary restrictions. Grants received are expended within the time stated in the guidelines of the grant. Grant revenue earned, but not yet received, is recorded as accounts receivable, and funds received, but not yet earned, are recorded as deferred revenue.

MaineCare represents amounts billed to the State of Maine Medicaid program for reimbursable services to clients. Client service revenue billed to MaineCare is subject to audit and retroactive adjustment. Estimated MaineCare cost settlements have been recorded in the year that the services were provided.

Donated Services and Materials

Certain services and materials have been donated in-kind to the Organization. The estimated value of these services and materials has been reflected in the accompanying financial statements as contributions with a like amount included in expenses such as program and supporting services expenses.

Each year, many hours are spent by volunteers to maintain the crisis service hot-line. These services are not recorded in the financial statements as they do not meet the criteria for recording in-kind services under generally accepted accounting principles.

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, except for cash restricted by an outside party.

Cash paid for interest was \$514,390 for the year ended June 30, 2009.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Income Tax Status

Youth Alternatives Ingraham and Ingraham Housing Corporation, Inc. are exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The activity of 50 Monument Square, LLC is incorporated into Youth Alternatives Ingraham's return.

2. Cash and Cash Equivalents

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk from cash and cash equivalents.

The Organization maintains separate reserve accounts for repairs and maintenance as required by the long-term debt agreement with Maine State Housing Authority (MSHA). The Organization also maintains special reserve accounts with bond trustees as required by the long-term debt agreement with Maine Health and Higher Education Facilities Authority (MHHEFA).

3. Contributions Receivable

Contributions receivable as of June 30, 2009, included temporarily restricted net assets for the family initiative and the 50 Monument Square building. These unconditional promises to give are to be received by the Organization for years subsequent to June 30, 2009, and deemed to be fully collectible by management. These promises to give are not discounted to the present value of estimated cash flows as management deems no discount necessary at June 30, 2009.

	<u>2009</u>	<u>2008</u>
Contributions due in:		
Less than one year	\$ 85,666	162,037
One to five years	<u>54,974</u>	<u>102,761</u>
	<u>\$ 140,640</u>	<u>\$ 264,798</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

4. Notes Receivable

As part of its financing for the administrative office building in Portland, Maine, the Organization loaned \$385,000 to CCML Maine Investment Fund IV, LLC, an unrelated party. The loan was made on July 1, 2005, and has a 20-year term and an interest rate of 5.5%. Interest accrues monthly with a principal interest repayment of \$328,491 due in July 2012; the remaining balance of \$276,120 will be amortized over the remaining term of 156 months, with a monthly payment of \$2,626. The note with accrued interest amounted to \$470,935 at June 30, 2009.

On July 1, 2005, the Organization entered into a purchase agreement with TD Banknorth, N.A., giving TD Banknorth, N.A. the right to require the Organization to purchase a loan that the Organization had guaranteed between TD Banknorth, N.A. and CCML Maine Investment Fund IV, LLC (two parties unrelated to the Organization). The original loan amount is \$304,000 with a two-year term and a 6.5% fixed annual interest rate. Payment of principal and accrued interest is due after 20 years and one day. In December of 2006, TD Banknorth, N.A. exercised its right. As a result, the Organization now has a note receivable from CCML Maine Investment Fund IV, LLC, including accrued interest, in the amount of \$371,670 at June 30, 2009.

5. Investments

Investments at fair value consist of the following:

	<u>2009</u>	<u>2008</u>
Cash and short-term investments	\$ 59,674	\$ 47,839
Equity mutual funds	54,045	113,813
Fixed income mutual funds	3,745	4,495
Alternative strategies	11,733	14,578
Broad commodities	6,519	7,108
Equities	354	441
Other	<u>10,283</u>	<u>-</u>
	<u>\$ 146,353</u>	<u>\$ 188,274</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

The purpose of the investment fund (Fund) is to provide spendable income to present and future beneficiaries of the Organization, with neither group favored at the expense of the other. The basic objectives of the Organization's investment policy are:

- To maintain the real market value of the assets, after inflation, while recognizing that security price gyrations may keep market values over or under-priced for several years at a time.
- To have the spendable income stream be somewhat predictable in the near term, and to have the real spendable income not decline significantly at any time.

The target asset mix developed and periodically reviewed is as follows:

<u>Asset Class</u>	<u>Range (Min-Max)</u>
Equities	30% - 70%
Fixed income securities	30% - 60%
Cash and cash equivalents	0% - 15%

The Board's primary long-term investment objective for the equity portion of the fund is to provide a dividend stream that grows at least as fast as the inflation rate stated in the Consumer Price Index for Urban Consumers. The objective of the bond portfolio is to provide a higher income stream to supplement current income from stocks and to dampen overall portfolio volatility.

6. Fair Value Measurements

In September 2006, the Financial Accounting Standards Board issued SFAS No. 157, *Fair Value Measurements*. This Statement defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles, and expands disclosures about fair value measurements. Although this Statement does not require any new fair value measurements, it has expanded fair value disclosures. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007.

SFAS No. 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS No. 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets measured at fair value on a recurring basis are summarized below.

	Fair Value Measurements at June 30, 2009, Using		
	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Quoted Prices for Similar Assets in an Active Market <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Investments	\$ 136,070	\$ -	\$ 10,283

Significant activity for the year then ended June 30, 2009, for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

Level 3 investments at July 1, 2008	\$ 13,427
Interest and dividends	264
Unrealized losses	(3,108)
Fees	<u>(300)</u>
Level 3 investments at June 30, 2009	<u>\$ 10,283</u>

Contributions receivable are measured at fair value on a nonrecurring basis using quoted prices for similar assets in an active market (Level 2). The value as of June 30, 2009 was \$140,640.

7. Line of Credit

The Organization has a \$1,250,000 line of credit with TD Banknorth, N.A.. This line of credit has an interest rate of Prime as stated by the Wall Street Journal plus 1% and is collateralized with a first priority interest on all business assets and expires December 31, 2009. At June 30, 2009, the interest rate was 4.25%. There was no outstanding balance as of June 30, 2009.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

8. Long-Term Debt

Long-term debt consists of the following at June 30:

	<u>2009</u>	<u>2008</u>
Tax-exempt revenue bonds issued by MHHEFA, interest ranging from 3.5% - 5.0%, principal maturing in annual amounts ranging from \$85,000 to \$300,000, with unamortized premium of \$197,587 as of June 30, 2009, due July 2035; collateralized by real estate and equipment.	\$ 4,692,587	\$ 4,789,707
Note payable to CCM Real Estate I, LLC, due in monthly payments of \$12,085, including interest fixed at 3.15% through July 2012; collateralized by property, building and assignment of leases and rents.	2,739,495	2,800,768
Note payable to CCM Real Estate I, LLC, due in monthly payments of \$2,339, including interest fixed at 3.15% through July 2025; collateralized by property, building and assignment of leases and rents.	530,284	542,145
Note payable to CCM Real Estate I, LLC, due in monthly payments of \$1,456, including interest fixed at 3.15% through July 2012; collateralized by property, building and assignment of leases and rents.	330,037	337,419
Note payable to Maine State Housing Authority, due in monthly payments of \$1,363, including interest fixed at 7% through January 2025; collateralized by real estate.	176,251	180,131
Note payable to Maine State Housing Authority, due in monthly payments of \$1,364, including interest fixed at 7.5% through August 2029; collateralized by real estate.	149,690	154,622
Note payable to Maine State Housing Authority, due in monthly payments of \$788, including interest fixed at 6% through July 2033; collateralized by real estate.	120,073	122,249
Note payable to Maine State Housing Authority, due in monthly payments of \$3,441, including interest fixed at 7% through July 2030; collateralized by real estate.	453,661	462,843
Note payable to Maine State Housing Authority, due in monthly payments of \$535, including interest fixed at 1% through November 2021; collateralized by real estate.	74,991	80,635

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Note payable to Maine State Housing Authority, due in monthly payments of \$1,478, including interest fixed at 2% through December 2024; collateralized by real estate.	\$ 236,288	\$ 249,164
Note payable to Maine State Housing Authority, due in monthly payments of \$1,817, including interest fixed at 2% through May 2026; collateralized by real estate.	317,933	333,215
Note payable to Maine State Housing Authority, due in monthly payments of \$1,761, including interest fixed at 8% through December 2026; collateralized by real estate.	198,712	203,727
Note payable to Maine State Housing Authority, due in monthly payments of \$4,039, including interest fixed at 7% through August 2029; collateralized by real estate.	522,984	534,409
Note payable to Maine State Housing Authority, due monthly payments of \$2,505, including interest fixed at 7% through October 2031; collateralized by real estate.	339,076	345,167
Note payable to TD Banknorth, N.A., due in monthly payments of \$5,706, including interest fixed at 6.35% through June 2012; collateralized by property, building and assignment of leases and rent.	191,297	245,443
Note payable to TD Banknorth, N.A. with no scheduled payments, with a 15-year term; collateralized by mortgage and security agreement on property. If there is no default, the note will be forgiven in the year 2014.	150,000	150,000
Note payable to Maine State Housing Authority with no scheduled payments, with a 30-year term; collateralized by mortgage and security agreement on property.	135,000	\$ 135,000
Note payable to Maine State Housing Authority with no scheduled payments, to be forgiven in the year 2031, as long as the building operates as a residential facility for youth.	150,000	150,000
Note payable to Maine State Housing Authority with no scheduled payments, one-third to be forgiven in year 10, the balance to be forgiven ratably in years 11 through 30, as long as the building operates as a residential facility for youth.	47,833	45,441

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Note payable to the City of Portland with no scheduled payments, to be forgiven in the year 2026, as long as the building operates as a residential facility for youth.	\$ 140,700	\$ 140,700
Note payable to Maine State Housing Authority with no scheduled payments, to be forgiven in the year 2026, as long as the building operates as a residential facility for youth.	<u>150,000</u>	<u>150,000</u>
	11,846,892	12,152,785
Less current portion	<u>316,958</u>	<u>294,738</u>
Long-term debt, net of current portion	<u>\$ 11,529,934</u>	<u>\$ 11,858,047</u>

Principal maturities of long-term debt at June 30 are as follows:

2010	\$ 316,958
2011	327,087
2012	3,216,028
2013	217,672
2014	227,932
Thereafter	<u>7,541,215</u>
	<u>\$ 11,846,892</u>

The MHHEFA bond agreement contains various restrictive covenants limiting the Organization in the buying and selling of significant assets, incurring new significant debt, along with stipulated events of default. In addition to the payment of an annual administrative fee, the Organization must also maintain certain financial ratios, the most significant of which is the maintenance of the ratio of income available for debt service to annual debt service of at least 1.15. At June 30, 2009, the Organization met the financial covenant.

Other loan agreements contain a financial loan covenant to maintain a minimum debt service coverage ratio. The Organization was in compliance with this financial covenant at June 30, 2009.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

9. Guarantees

The Organization has guaranteed the following debt as part of financing the administrative office building in Portland, Maine.

Genesis Investment LLC (Genesis Fund) Loan - made by the Genesis Fund to CCML Maine Investment Fund IV, LLC (two parties unrelated to the Organizations). The original loan amount is \$356,000 made on July 1, 2005, with a 7-year term and a 6.5% fixed annual interest rate. Payments of \$3,101, including interest, are due to Genesis Fund based on a 15-year amortization.

The fair value of the guarantee has not been recorded in the accompanying financial statements as its value can not be reasonably determined..

10. Deferred Revenue

Included in deferred revenue are award proceeds used for the purchase of land and property for residential programs. The funds will be "earned" and not subject to repayment if the facilities are operated for the stated purposes for a definite period of time. These awards are as follows:

	<u>2009</u>	<u>2008</u>
U.S. Department of Housing and Urban Development award for Randall Place, to be fully earned in the year 2014.	\$ 95,069	\$ 113,588
U.S. Department of Health and Human Services award for the Gordon Green Project, to be fully earned in the year 2026.	31,750	31,750
Private grant funding	<u>74,418</u>	<u>5,216</u>
	201,237	150,554
Less current portion	<u>73,349</u>	<u>43,078</u>
Deferred revenue, net of current portion	<u>\$ 127,888</u>	<u>\$ 107,476</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

11. Commitments and Contingencies

Capital Leases

The Organization entered into a capital lease for computer equipment during the year ended June 30, 2006, with monthly lease payments of \$1,487. The lease expires in July 2009. During the year ended June 30, 2007, the Organization entered into an additional capital lease for computer equipment, with monthly lease payments of \$1,207. This lease expires in February 2010. During the year ended June 30, 2008, the Organization entered into a capital lease for computer equipment with monthly lease payments of \$910. The lease expires in 2012. During the year ended June 30, 2007, the Organization entered into a capital lease agreement to upgrade the elevators in the 50 Monument Square building, with monthly lease payments of \$19,667. The lease expires in 2014. Assets under capital lease have a total net book value of \$195,220 at June 30, 2009.

Future minimum lease payments are as follows:

2010	\$ 40,513
2011	30,587
2012	27,857
2013	19,667
2014	<u>16,389</u>
Total	135,013
Less amount representing interest	<u>32,633</u>
	102,380
Less current portion	<u>34,761</u>
Capital lease payable, net of current portion	\$ <u>67,619</u>

Operating Leases

The Organization leases space for various programs under operating leases with monthly rent payments ranging from \$400 to \$2,370, with expiration dates in 2010.

The Organization also leases various office equipment under operating leases with monthly rent payments ranging from \$70 to \$438, with expiration dates in 2010 through 2013.

Rent expense for the year ended June 30, 2009 was approximately \$218,000.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Future minimum rental payments under non-cancelable operating leases having initial or remaining terms in excess of one year as of June 30, 2009, are as follows:

2010	\$ 82,786
2011	50,667
2012	32,628
2013	20,973
2014	<u>18,471</u>
	<u>\$ 205,525</u>

Leasing operations of 50 Monument Square, LLC consist principally of leasing space to others under non-cancelable operating leases. Lease revenue was \$318,555 for the year ended June 30, 2009.

The following is a schedule of approximate future minimum lease payments required under the leases:

2010	\$ 299,510
2011	309,481
2012	261,230
2013	231,641
2014	<u>41,309</u>
	<u>\$ 1,143,171</u>

Property for which the Organization is lessor had a cost basis of approximately \$6,496,000 and accumulated depreciation of approximately \$1,167,000 at June 30, 2009.

Land Lease

During the year ended June 30, 2006, the Organization entered into a sublease agreement to lease land and an existing barn structure to house the new Family Center and administrative offices. The lease agreement allows for significant improvements of the barn structure and new construction. The lease term is for 90 years, at which time the buildings and the improvement revert back to the lessor. Total lease payments of \$777,696 were paid during the year ended June 30, 2006. Prepaid lease amounts of \$450,000 and \$327,688 are capitalized in land and buildings, respectively. Prepaid lease amounts are being depreciated over the life of the underlying asset or the lease, whichever is shorter.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

State and Federal Grant Programs

The Organization participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Third Party Settlements and Due to State of Maine

The Organization renders short-term and long-term residential care and services to children and individuals who are beneficiaries of the MaineCare program. The difference between the cost of this care, as defined by the "Principles of Reimbursement" which govern the programs, and the prospective rates of reimbursement received during the year, is determined by the filing of prescribed cost reports. This difference is payable to or receivable from the State of Maine. The estimated amounts due to or from the MaineCare program are reflected in the accompanying financial statements and are recorded as an increase or decrease to MaineCare revenue in the year the related services are rendered. This amount does not become final until the prescribed cost reports are examined and accepted by the State. Any adjustments to the estimates as a result of final settlement are recorded as adjustments to revenue in the year of final determination.

Amounts included in Due to the State of Maine, represent amounts owed by YI due to overpayments on individual client accounts.

12. Temporarily Restricted Net Assets

Net assets were temporarily restricted for the following purposes at June 30, 2009:

	<u>2009</u>	<u>2008</u>
Lee Perry Memorial Fund - opportunities for kids	\$ 59,464	\$ 67,047
Family Center Initiative	114,020	209,599
D. Reardon - recreation for kids	26,767	26,675
Programs support	78,330	54,822
Derrah Scholarship Fund	39,558	38,590
50 Monument Square	26,600	54,700
Miscellaneous	<u>31,076</u>	<u>54,412</u>
	\$ <u>375,815</u>	\$ <u>505,845</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

Net assets released from restrictions due to donor-imposed stipulations being met included the following: United Way funding for specific programs, receipt of pledge receivables and other contributions for specific programs.

13. Tax Deferred Annuity Plan

The Organization sponsors a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. The plan covers substantially all employees of the Organization.

The Organization sponsors a 403(b) Plan that matches employee contributions fifty cents on the dollar, up to 6% of an employee's salary for previous Youth Alternatives, Inc. employees and a 403(b) Plan that matches employee contributions fifty cents on the dollar, up to 3% of an employee's salary for former Ingraham employees. The annual expense for the year ended June 30, 2009 was \$152,452.

14. Restatements

The previously issued financial statements of Youth Alternatives Ingraham and Affiliates have been restated for the year ended June 30, 2008. The restatements resulted in a reduction in unrestricted net assets as follows:

Understatement of allowance for uncollectible accounts receivable	\$ 92,793
Overstatement of third party settlements	<u>117,162</u>
Total reduction in unrestricted net assets	<u>\$ 209,955</u>

15. Subsequent Events

On August 18, 2009, the Organization entered into an agreement with the Maine State Housing Authority (MSHA) to transfer the housing project for homeless persons located at 22 Park Avenue in Portland, Maine from the Young Women's Christian Association of Portland, Maine (YWCA) to the Organization. The existing Deferred Payment Promissory Note in the original principal amount of \$66,500 dated December 22, 1998, given by YWCA to MSHA, has been assumed by the Organization. Additionally, MSHA has made a loan of \$120,000 and an additional loan of up to \$173,785 to the Organization.

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

The \$120,000 promissory note will accrue interest at 6% annum and will have a term of 30 years. The \$173,785 promissory note shall be deferred until the earliest of (a) 30 years from the date of the loan closing, (b) a sale, assignment or change in use of the development, or (c) a default of the \$173,785 loan or the \$120,000 loan.

On August 24, 2009, the Organization entered into a five year capital lease agreement with LEAF Funding, Inc. (LEAF) for a phone system, through 60 monthly payments of \$3,566 with the option to purchase the system for \$1 at the end of the lease.

In accordance with FASB Accounting Standards Codification Topic 855, management has evaluated subsequent events through September 22, 2009, which is the date these financial statements were available for issuance. All subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

SUPPLEMENTARY INFORMATION

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidating Statement of Financial Position

June 30, 2009

ASSETS	Youth Alternatives <u>Ingraham</u>	Ingraham Housing <u>Corp.</u>	50 Monument <u>Square, LLC</u>	<u>Eliminations</u>	<u>Total</u>
Current assets					
Cash and cash equivalents	\$ 258,548	\$ 73,798	\$ 48,306	\$ -	\$ 380,652
Accounts receivable	2,434,070	-	-	-	2,434,070
Current portion of contributions receivable	85,666	-	-	-	85,666
Grants receivable	272,904	-	-	-	272,904
Other current assets	92,249	-	18,503	-	110,752
Total current assets	<u>3,143,437</u>	<u>73,798</u>	<u>66,809</u>	<u>-</u>	<u>3,284,044</u>
Property and equipment					
Land	543,792	214,509	376,293	-	1,134,594
Building and building improvements	9,105,109	2,175,097	3,694,246	-	14,974,452
Equipment	549,570	-	-	-	549,570
Furniture and fixtures	389,176	-	35,973	-	425,149
Vehicles	314,058	-	-	-	314,058
Construction in progress	17,514	-	-	-	17,514
	10,919,219	2,389,606	4,106,512	-	17,415,337
Less accumulated depreciation	<u>2,571,958</u>	<u>795,072</u>	<u>371,493</u>	<u>-</u>	<u>3,738,523</u>
Net property and equipment	<u>8,347,261</u>	<u>1,594,534</u>	<u>3,735,019</u>	<u>-</u>	<u>13,676,814</u>
Other assets					
Contributions receivable, net of current portion	54,974	-	-	-	54,974
Restricted cash, MSHA	161,482	202,493	70,092	-	434,067
Restricted cash, MHHEFA	313,250	-	-	-	313,250
Restricted cash, donor	182,718	-	-	-	182,718
Restricted cash, other	908	-	10,149	-	11,057
Investments	146,353	-	-	-	146,353
Notes receivable	842,605	-	-	-	842,605
Deferred financing costs	69,021	-	92,702	-	161,723
Total other assets	<u>1,771,311</u>	<u>202,493</u>	<u>172,943</u>	<u>-</u>	<u>2,146,747</u>
Total assets	<u>\$ 13,262,009</u>	<u>\$ 1,870,825</u>	<u>\$ 3,974,771</u>	<u>\$ -</u>	<u>\$ 19,107,605</u>
LIABILITIES AND NET ASSETS					
Current liabilities					
Current portion of long-term debt	\$ 200,448	\$ 39,806	\$ 76,704	\$ -	\$ 316,958
Current portion of capital lease payable	20,305	-	14,456	-	34,761
Accounts payable	306,172	-	4,227	-	310,399
Third party settlements	646,099	-	-	-	646,099
Due to State of Maine	525,770	-	-	-	525,770
Deferred revenue	73,349	-	-	-	73,349
Accrued expenses	1,214,626	-	-	-	1,214,626
Other liabilities	7,202	-	10,149	-	17,351
Due to/from Affiliates	(152,658)	50,225	102,433	-	-
Total current liabilities	<u>2,841,313</u>	<u>90,031</u>	<u>207,969</u>	<u>-</u>	<u>3,139,313</u>
Long-term liabilities					
Long-term debt, net of current portion and premium on bonds	6,179,390	1,827,432	3,523,112	-	11,529,934
Capital lease payable, net of current portion	16,934	-	50,685	-	67,619
Deferred revenue, net of current portion	96,138	31,750	-	-	127,888
Total long-term liabilities	<u>6,292,462</u>	<u>1,859,182</u>	<u>3,573,797</u>	<u>-</u>	<u>11,725,441</u>
Total liabilities	<u>9,133,775</u>	<u>1,949,213</u>	<u>3,781,766</u>	<u>-</u>	<u>14,864,754</u>
Net assets					
Unrestricted	3,752,419	(78,388)	193,005	-	3,867,036
Temporarily restricted	375,815	-	-	-	375,815
Total net assets	<u>4,128,234</u>	<u>(78,388)</u>	<u>193,005</u>	<u>-</u>	<u>4,242,851</u>
Total liabilities and net assets	<u>\$ 13,262,009</u>	<u>\$ 1,870,825</u>	<u>\$ 3,974,771</u>	<u>\$ -</u>	<u>\$ 19,107,605</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidating Statement of Activities

June 30, 2009

	Youth Alternatives Ingraham	Ingraham Housing Corp.	50 Monument Square, LLC	Eliminations	Total
Unrestricted revenues and other support					
MaineCare	\$ 11,690,837	\$ -	\$ -	\$ -	\$ 11,690,837
Grants from government agencies	4,648,924	-	-	-	4,648,924
Grants from United Way	1,138,419	-	-	-	1,138,419
DHHS room and board	773,207	-	-	-	773,207
Contributions	58,712	-	-	-	58,712
In-kind donations	133,966	-	-	-	133,966
Special events - gross	68,391	-	-	-	68,391
Special events - expenses	(33,670)	-	-	-	(33,670)
Loss on disposal of property and equipment	(10,924)	-	-	-	(10,924)
Miscellaneous	430,909	-	-	(81,483)	349,426
Interest	65,058	-	-	-	65,058
Lease revenue	-	187,412	427,511	(296,368)	318,555
Total unrestricted revenue and other support before net assets released from restrictions	<u>18,963,829</u>	<u>187,412</u>	<u>427,511</u>	<u>(377,851)</u>	<u>19,200,901</u>
Net assets released from restrictions					
Satisfaction of time and purpose restrictions	<u>733,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,464</u>
Total unrestricted revenue and other support	<u>19,697,293</u>	<u>187,412</u>	<u>427,511</u>	<u>(377,851)</u>	<u>19,934,365</u>
Expenses					
Program services					
STEP	451,255	-	-	-	451,255
Perry's Place	517,833	-	-	-	517,833
Reardon's Place	588,359	-	-	-	588,359
Bass House	538,936	-	-	-	538,936
Heritage House	517,436	-	-	-	517,436
Girls Transitional	500,811	-	-	-	500,811
Edgewood	580,748	37,657	-	(41,190)	577,215
Mainestay	793,158	32,563	-	(45,965)	779,756
Multidimensional Therapeutic Foster Care	377,510	-	-	-	377,510
Therapeutic Foster Care	1,043,377	-	-	-	1,043,377
The Bridge	549,871	-	-	-	549,871
Hellen Winslow Ray House	437,583	-	-	-	437,583
Morrison Place	576,394	-	-	-	576,394
Gordon Green	585,605	32,261	-	(36,385)	581,481
Youth Parent Program	271,906	-	-	-	271,906
Linkage	55,646	-	-	-	55,646
Child Abuse and Neglect Council	165,655	-	-	-	165,655
Homeless Youth Services	159,446	-	-	-	159,446
Family Mediation	79,719	-	-	-	79,719
Family Reunification - Cumberland	182,850	-	-	-	182,850
Family Intervention Services - Cumberland	58,257	-	-	-	58,257
Family Intervention Services - York	75,866	-	-	-	75,866
Acute Care Services	551,672	-	-	(8,685)	542,987
Healthy Families	644,403	-	-	-	644,403
Juvenile Behavioral Health	170,590	-	-	-	170,590
Juvenile Detention Alternative	436,693	-	-	-	436,693
Children's Mental Health Case Management	309,898	-	-	-	309,898
Wraparound	160,230	-	-	-	160,230
Community Integration Services	537,932	-	-	-	537,932
Outpatient Therapy	148,955	-	-	(8,975)	139,980
Medication Management	553,311	-	-	(9,962)	543,349
Crisis/Mobile Outreach/774-HELP	1,379,852	-	-	(46,312)	1,333,540
Broadway Crossings	730,263	55,797	-	(66,265)	719,795
211 Maine	955,985	-	-	(25,447)	930,538
Other	-	-	491,195	(81,483)	409,712
Total program services	<u>15,688,005</u>	<u>158,278</u>	<u>491,195</u>	<u>(370,669)</u>	<u>15,966,809</u>

**YOUTH ALTERNATIVES INGRAHAM
AND AFFILIATES**

Consolidating Statement of Activities (Concluded)

June 30, 2009

	Youth Alternatives Ingraham	Ingraham Housing Corp.	50 Monument Square, LLC	Eliminations	Total
Supporting services					
Administrative	\$ 3,587,062	\$ -	\$ -	\$ (7,182)	\$ 3,579,880
Fundraising	<u>361,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,774</u>
	<u>3,948,836</u>	<u>-</u>	<u>-</u>	<u>(7,182)</u>	<u>3,941,654</u>
 Total expenses	 <u>19,636,841</u>	 <u>158,278</u>	 <u>491,195</u>	 <u>(377,851)</u>	 <u>19,908,463</u>
 Change in unrestricted net assets	 <u>60,452</u>	 <u>29,134</u>	 <u>(63,684)</u>	 <u>-</u>	 <u>25,902</u>
Temporarily restricted net assets					
Contributions	218,537	-	-	-	218,537
United Way	384,897	-	-	-	384,897
Net assets released from restrictions	<u>(733,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(733,464)</u>
 Change in temporarily restricted net assets	 <u>(130,030)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>(130,030)</u>
 Change in net assets	 (69,578)	 29,134	 (63,684)	 -	 (104,128)
Net assets at beginning of year, as restated	<u>4,197,812</u>	<u>(107,522)</u>	<u>256,689</u>	<u>-</u>	<u>4,346,979</u>
Net assets at end of year	<u>\$ 4,128,234</u>	<u>\$ (78,388)</u>	<u>\$ 193,005</u>	<u>\$ -</u>	<u>\$ 4,242,851</u>

YOUTH ALTERNATIVES INGRAHAM

Supplemental Schedule of Expenses

June 30, 2009

	Program Services						
	<u>STEP</u>	<u>Perrys Place</u>	<u>Reardons Place</u>	<u>Bass House</u>	<u>Heritage House</u>	<u>Girls Transitional</u>	<u>Edgewood</u>
Salaries	\$ 230,795	\$ 262,102	\$ 301,534	\$ 291,880	\$ 303,790	\$ 265,806	\$ 312,406
Foster Parent Stipends	-	-	-	-	-	-	-
Respite	13,818	34,658	26,870	33,281	21,229	16,044	18,441
Taxes	18,335	21,983	24,463	23,119	23,620	21,267	23,552
Benefits	44,723	67,786	61,679	62,972	56,286	49,917	64,047
Consultants	-	-	-	-	-	-	700
Food	10,348	10,456	12,239	14,655	14,672	13,963	18,905
Supplies	8,690	6,364	11,696	7,561	9,996	8,472	11,073
Supplies in-kind	234	-	4,051	312	-	614	680
Rent and parking	58,862	49	40	-	21	52,297	41,190
Rent in-kind	-	-	-	-	19,987	-	-
Utilities	11,347	12,286	18,031	10,055	8,320	12,978	14,697
Telephone	3,051	4,752	5,951	5,289	5,152	5,805	3,418
Travel	9,050	10,556	5,718	10,234	3,605	5,117	11,236
Minor equipment	21	5,201	5,825	736	3,816	2,676	3,826
Insurance	7,992	4,234	8,977	8,317	6,126	5,766	6,402
Repairs and maintenance	3,694	2,000	1,659	3,481	2,235	5,781	860
Training	876	2,106	1,260	1,095	1,545	1,612	1,842
Advertising	-	-	-	-	-	-	-
Other	3,055	3,257	3,898	4,533	4,311	4,359	3,312
Client expenses	4,269	4,966	2,652	4,872	6,740	5,342	5,765
Interest	-	19,762	32,118	11,429	-	63	-
PNMI tax	21,313	25,034	28,620	30,532	25,527	22,294	37,136
Depreciation and amortization	782	20,281	31,078	14,583	458	638	1,260
Restricted fundraising	-	-	-	-	-	-	-
Total expenses	\$ <u>451,255</u>	\$ <u>517,833</u>	\$ <u>588,359</u>	\$ <u>538,936</u>	\$ <u>517,436</u>	\$ <u>500,811</u>	\$ <u>580,748</u>

YOUTH ALTERNATIVES INGRAHAM

Supplemental Schedule of Expenses (Continued)

June 30, 2009

	Program Services						
	Mainstay	Multi-Dimensional Therapeutic Foster Care	Therapeutic Foster Care	The Bridge	Ray House	Morrison Place	Gordon Green
Salaries	\$ 378,324	\$ 151,585	\$ 264,985	\$ 301,706	\$ 259,858	\$ 340,981	\$ 335,798
Foster Parent Stipends	-	106,350	507,390	-	-	-	-
Respite	37,902	-	-	24,915	14,805	15,873	14,197
Taxes	30,501	10,720	18,440	24,917	20,723	26,821	26,079
Benefits	73,993	19,388	49,617	52,818	41,336	54,119	51,343
Consultants	102,041	12,851	-	10,089	1,662	8,124	750
Food	18,762	-	-	17,482	15,466	21,947	19,213
Supplies	7,477	1,119	2,895	12,186	10,554	11,169	9,719
Supplies in-kind	4,988	-	-	45	1	1	400
Rent and parking	45,965	-	-	-	-	-	36,384
Rent in-kind	-	-	-	-	-	-	-
Utilities	20,479	2,924	4,403	23,417	18,950	20,553	14,303
Telephone	2,753	2,581	6,025	2,720	1,812	1,976	2,103
Travel	1,846	25,962	57,123	1,160	3,101	4,377	6,016
Minor equipment	5,408	1,083	1,757	6,185	5,440	4,242	9,217
Insurance	5,400	1,406	3,229	4,334	3,594	6,609	6,636
Repairs and maintenance	4,849	373	562	2,575	3,281	4,147	955
Training	4,351	2,868	10,119	2,949	2,529	2,817	4,094
Advertising	-	430	7,720	-	-	-	-
Other	6,134	2,526	4,409	10,061	3,348	4,520	3,338
Client expenses	2,253	8,436	12,718	937	1,545	1,989	4,487
Interest	126	7,737	11,725	4,866	781	-	-
PNMI tax	37,163	11,821	69,192	29,503	21,943	30,841	37,189
Depreciation and amortization	2,443	7,350	11,068	17,006	6,854	15,288	3,384
Restricted fundraising	-	-	-	-	-	-	-
Total expenses	\$ 793,158	\$ 377,510	\$ 1,043,377	\$ 549,871	\$ 437,583	\$ 576,394	\$ 585,605

YOUTH ALTERNATIVES INGRAHAM

Supplemental Schedule of Expenses (Continued)

June 30, 2009

	Program Services							
	Youth Parent Program	Linkage	Child Abuse and Neglect Council	Homeless Youth Services	Family Mediation	Family Reunification Cumberland	Family Intervention Services Cumberland	
Salaries	\$ 130,554	\$ 38,144	\$ 121,619	\$ 95,281	\$ 50,765	\$ 116,103	\$ 30,684	
Foster Parent Stipends	-	-	-	-	-	-	-	
Respite	-	-	-	-	-	-	-	
Taxes	9,817	2,938	8,371	6,542	3,504	9,382	3,376	
Benefits	24,233	469	11,246	13,606	7,043	27,205	6,361	
Consultants	2,469	985	1,909	1,449	1,449	1,449	19	
Food	1,215	-	45	-	135	-	-	
Supplies	10,544	2,621	1,385	572	644	1,067	261	
Supplies in-kind	2,816	-	-	-	-	-	-	
Rent and parking	45,003	18	1,078	-	14	-	-	
Rent in-kind	-	-	-	-	-	-	-	
Utilities	24,152	961	1,893	1,399	1,587	1,873	680	
Telephone	3,813	731	1,607	1,830	2,046	4,125	959	
Travel	1,191	1,769	1,432	6,351	1,064	6,355	1,173	
Minor equipment	824	354	715	511	605	676	184	
Insurance	1,552	445	359	956	614	1,375	945	
Repairs and maintenance	7,470	123	225	175	131	241	-	
Training	1,601	32	1,422	338	624	479	-	
Advertising	-	-	-	-	-	-	-	
Other	2,540	1,098	2,867	460	1,275	1,028	1,099	
Client expenses	334	-	-	22,800	-	1,800	8,077	
Interest	917	2,543	4,732	3,732	4,229	4,946	2,199	
PNMI tax	-	-	-	-	-	-	-	
Depreciation and amortization	861	2,415	4,750	3,444	3,990	4,746	2,240	
Restricted fundraising	-	-	-	-	-	-	-	
Total expenses	\$ 271,906	\$ 55,646	\$ 165,655	\$ 159,446	\$ 79,719	\$ 182,850	\$ 58,257	

YOUTH ALTERNATIVES INGRAHAM

Supplemental Schedule of Expenses (Continued)

June 30, 2009

	Program Services						
	Family Intervention Services York	Acute Care Services	Healthy Families	Juvenile Behavioral Health	Juvenile Detention Alternative	Children's Mental Health Case Management	Wraparound
Salaries	\$ 33,917	\$ 429,423	\$ 284,950	\$ 129,291	\$ 245,475	\$ 205,027	\$ 63,920
Foster Parent Stipends	-	-	-	-	-	-	-
Respite	-	1,700	-	-	-	-	-
Taxes	4,046	27,008	21,261	8,735	17,423	15,009	4,329
Benefits	8,421	23,687	51,254	25,357	37,125	36,348	5,623
Consultants	-	26,456	139,292	-	-	-	1,449
Food	-	-	-	-	-	-	-
Supplies	603	1,981	3,402	257	1,731	2,583	681
Supplies in-kind	-	-	49,314	-	-	-	-
Rent and parking	7,285	10,019	5,410	-	-	-	-
Rent in-kind	-	-	-	-	-	-	-
Utilities	394	869	7,733	497	2,359	2,783	977
Telephone	1,755	242	5,348	1,163	6,246	5,160	248
Travel	3,042	128	15,868	127	29,734	21,883	1,720
Minor equipment	163	1,490	2,680	173	3,097	1,535	345
Insurance	-	8,820	5,893	1,145	1,618	1,194	993
Repairs and maintenance	-	-	917	60	201	362	125
Training	-	547	3,066	601	1,663	1,171	6,518
Advertising	-	-	-	-	-	-	-
Other	990	19,302	9,823	462	1,343	841	681
Client expenses	15,112	-	47	215	80,410	1,859	67,197
Interest	25	-	19,133	1,331	4,320	7,024	2,647
PNMI tax	-	-	-	-	-	-	-
Depreciation and amortization	113	-	19,012	1,176	3,948	7,119	2,777
Restricted fundraising	-	-	-	-	-	-	-
Total expenses	\$ 75,866	\$ 551,672	\$ 644,403	\$ 170,590	\$ 436,693	\$ 309,898	\$ 160,230

YOUTH ALTERNATIVES INGRAHAM

Supplemental Schedule of Expenses (Continued)

June 30, 2009

	Program Services						Total
	<u>Community</u>	<u>Outpatient</u>	<u>Medication</u>	<u>Mobile Crisis</u>	<u>Broadway</u>	<u>211</u>	<u>Program</u>
	<u>Integration</u>		<u>Management</u>	<u>Outreach</u>	<u>Crossings</u>		<u>Services</u>
Salaries	\$ 346,190	\$ 91,207	\$ 339,612	\$ 851,053	\$ 448,686	\$ 526,435	\$ 8,579,886
Foster Parent Stipends	-	-	-	-	-	-	613,740
Respite	-	1,481	5,192	121,506	31,538	40,300	473,750
Taxes	25,419	6,662	20,034	70,561	35,834	40,761	655,552
Benefits	63,519	19,483	46,199	124,096	69,466	95,302	1,446,067
Consultants	1,449	4,032	36,365	69,720	2,672	-	427,381
Food	-	-	-	198	15,751	125,813	331,265
Supplies	8,400	4,183	4,467	15,299	13,374	7,130	200,156
Supplies in-kind	-	-	-	-	-	-	63,456
Rent and parking	29,479	12,015	13,881	68,473	66,501	36,736	530,720
Rent in-kind	-	-	-	-	-	-	19,987
Utilities	6,592	898	996	8,294	15,765	5,301	278,746
Telephone	3,488	1,808	933	11,500	2,108	15,709	124,207
Travel	5,609	52	36	3,040	967	3,928	260,570
Minor equipment	6,718	1,562	2,098	9,029	2,108	26,037	116,337
Insurance	5,044	838	16,757	8,605	6,362	5,749	148,286
Repairs and maintenance	4,526	64	-	-	1,047	947	53,066
Training	19	475	4,970	2,595	5,403	6,862	78,449
Advertising	1,454	-	-	74	-	-	9,678
Other	2,112	2,351	61,771	10,788	12,054	8,238	202,184
Client expenses	1,952	-	-	137	627	-	267,538
Interest	-	303	-	770	-	556	148,014
PNMI tax	25,962	-	-	-	-	-	454,070
Depreciation and amortization	-	1,541	-	4,114	-	10,181	204,900
Restricted fundraising	-	-	-	-	-	-	-
Total expenses	\$ 537,932	\$ 148,955	\$ 553,311	\$ 1,379,852	\$ 730,263	\$ 955,985	\$ 15,688,005

YOUTH ALTERNATIVES INGRAHAM

Supplemental Schedule of Expenses (Concluded)

June 30, 2009

	Supporting Services			
	Fundraising	Administrative	Total Supporting Services	Total
Salaries	\$ 134,305	\$ 2,122,679	\$ 2,256,984	\$ 10,836,870
Foster Parent Stipends	-	-	-	613,740
Respite	-	13,451	13,451	487,201
Taxes	10,419	146,024	156,443	811,995
Benefits	15,846	299,680	315,526	1,761,593
Consultants	988	100,397	101,385	528,766
Food	-	-	-	331,265
Supplies	15,088	47,763	62,851	263,007
Supplies in-kind	50,523	-	50,523	113,979
Rent and parking	210	15,325	15,535	546,255
Rent in-kind	-	-	-	19,987
Utilities	3,954	56,965	60,919	339,665
Telephone	2,002	63,901	65,903	190,110
Travel	265	23,003	23,268	283,838
Minor equipment	8,724	88,590	97,314	213,651
Insurance	1,165	30,945	32,110	180,396
Repairs and maintenance	485	19,872	20,357	73,423
Training	1,429	14,473	15,902	94,351
Advertising	55	9,764	9,819	19,497
Other	7,401	144,588	151,989	354,173
Client expenses	-	-	-	267,538
Interest	9,772	163,207	172,979	320,993
PNMI tax	-	-	-	454,070
Depreciation and amortization	10,327	226,435	236,762	441,662
Restricted fundraising	<u>88,816</u>	<u>-</u>	<u>88,816</u>	<u>88,816</u>
 Total expenses	 <u>\$ 361,774</u>	 <u>\$ 3,587,062</u>	 <u>\$ 3,948,836</u>	 <u>\$ 19,636,841</u>



CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Youth Alternatives Ingraham

We have audited the financial statements of Youth Alternatives Ingraham as of and for the year ended June 30, 2009, and have issued our report thereon dated September 22, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Youth Alternatives Ingraham's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Youth Alternatives Ingraham's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Youth Alternatives Ingraham in a separate letter dated September 22, 2009.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee, management of Youth Alternatives Ingraham and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry, Dunn, McNeil & Parker

September 22, 2009



CERTIFIED PUBLIC ACCOUNTANTS
MANAGEMENT CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Youth Alternatives Ingraham

Compliance

We have audited the compliance of Youth Alternatives Ingraham with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. Youth Alternatives Ingraham's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Youth Alternatives Ingraham's management. Our responsibility is to express an opinion on Youth Alternatives Ingraham's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Youth Alternatives Ingraham's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Youth Alternatives Ingraham's compliance with those requirements.

In our opinion, Youth Alternatives Ingraham complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Youth Alternatives Ingraham is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Youth Alternatives Ingraham's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A control deficiency in an Organization's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Youth Alternatives Ingraham as of and for the year ended June 30, 2009, and have issued our report thereon dated September 22, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, Finance Committee, management of Youth Alternatives Ingraham and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry, Dunn, McNeil & Parker

September 22, 2009

YOUTH ALTERNATIVES INGRAHAM

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2009

Federal Grantor/Pass-through Grantor/Program Title	<u>Federal CFDA Number</u>	<u>Pass-Through/ Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Human Services			
Pass-Through State of Maine Department of Health and Human Services			
Foster Care - Title IV-E (Block Grant for Family Reunification Program)	93.658	CFS-08-8105	\$ 50,995
Foster Care (Title IV-E)	93.658	N/A	187,461
Substance Abuse & Mental Health Services - Regional/National	93.243	SA1-08-266	24,776
Block Grant for Community Mental Health Services	93.958	CBH-09-4110	<u>3,668</u>
Total U.S. Department of Human Services			<u>266,900</u>
U.S. Department of Housing and Urban Development (direct)			
Supportive Housing Program	14.235	ME01B602011	42,312
Supportive Housing Program	14.235	ME01B702009	84,624
Supportive Housing Program	14.235	ME01B602005	76,775
Supportive Housing Program	14.235	ME01B702006	230,325
Supportive Housing Program	14.235	ME01B702008	41,179
Supportive Housing Program	14.235	ME0046B1T020801	<u>41,179</u>
Total U.S. Department of Housing and Urban Development			<u>516,394</u>
Total Expenditures of Federal Awards			<u>\$ 783,294</u>

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of Youth Alternatives Ingraham (the Organization) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

YOUTH ALTERNATIVES INGRAHAM

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

Section 1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
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DHHS Foster Care (Title IV-E)	93.658
HUD Supportive Housing Program	14.235

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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- Auditee qualified as low-risk auditee? Yes No

Section II. Financial Statement Findings

None.

Section II. Federal Awards Findings and Questioned Costs

None.